

MANITOWOC INDUSTRIAL DEVELOPMENT CORPORATION - 11/18/2010

Plan Commission Offices
Manitowoc City Hall

Regular Meeting
Manitowoc Industrial Development
Corporation (IDC)
Thursday
November 18, 2010
3:30 P.M.

I. CALL TO ORDER

The meeting of the IDC was called to order by President, Jim Hamann at 3:30 P.M.

II. ROLL CALL

Members Present

John Zimmer
Bob Kaufman
Jim Brey
Carl Laveck
Dennis Tienor
Ted Vallis
Greg Dufek
Jim Hamann
Myron Halla
Wayne Mertens

Members Excused

David Soeldner

Staff Present

David Less

Others Present

Scott Jensen, Orion Energy Systems, Inc.

III. APPROVAL OF MINUTES of the July 1, 2010 Meeting.

Motion by: Mr. Vallis

Moved that: the minutes be approved as presented.

Seconded by: Mr. Laveck

Upon Vote: the motion was approved unanimously.

IV. REFERRALS FROM COMMON COUNCIL

A. None.

V. NEW BUSINESS

A. Great Lakes Energy Technologies, LLC/Orion Energy Systems, Inc - Proposed Revolving Loan (Amendment to IREV07-2 or New Loan IREV10-3)

Mr. Less reviewed a “Project Narrative” for a proposed amendment to the current Great Lakes/Orion loan identified as IREV07-2. Mr. Less detailed the proposal, noting that the project involved adding an additional \$162,958 in loan proceeds to the company for the purchase of Xerox print shop equipment that would be located at the company’s corporate facilities in Manitowoc, as part of a \$325,916 total project. Mr. Less continued that the additional capital would be incorporated into the current loan repayment schedule, with the new capital carrying an interest rate of 2.1125 per cent annual interest. Mr. Less added that there was no refinancing of the existing loan principal that has a 4.875 per cent rate of interest associated with it. Mr. Less continued that the original loan, plus the new capital would be fully amortized in accordance with the remaining term of the current repayment plan. Mr. Less then reviewed the history of job creation at the company, which he had previously provided to Corporation members prior to the meeting. Mr. Less noted that as of September 30th, Orion had 196 full time equivalent (FTE) positions in Manitowoc, of which 63 FTE’s were low to moderate income, and that in Plymouth, Orion still had 21 total positions.

Mr. Less explained that this purchase of printing equipment was an important part of Orion’s strategy to increase sales and therefore manufacturing revenues and employment. Mr. Less continued that the plan was to purchase variable data printing equipment that would allow Orion to vertically integrate its marketing department print shop, making its marketing initiatives more cost effective and Orion more competitive. Mr. Less noted that this was a small, but important piece of the Orion growth strategy, and that the company continued to struggle as it attempted to grow its market share.

Mr. Less added that Orion had an impressive listing of Fortune 500 customers. Mr. Less detailed the current outstanding principal balances on both the revolving and CDBG loans, both of which were current and had no events of default.

Mr. Less advised that prior to the meeting, he had met with Mr. Laveck and Mr. Tienor to review the proposed project, and that there were no problems identified. Mr. Less added that he did not see any problem with this loan, and explained the associated collateral requirements.

Mr. Tienor commented that the company was investing a 50 per cent equity stake in this equipment, and felt that Orion was well capitalized. Mr. Tienor continued that the project would bring additional jobs to Orion and Manitowoc.

Mr. Laveck concurred with Mr. Tienor, and noted that the company appeared to have adequate working capital. Mr. Laveck clarified that the 8 new jobs would be attributable to overall company growth in Manitowoc.

Scott Jensen, Orion Energy Systems, Inc., 2210 Woodland Drive, commented that Orion had always been about vertical integration, and explained that the purchase of the printing equipment was an extension to their sales and marketing area and strategy. Mr. Jensen noted that Orion had introduced many new products to the marketplace with a focus on renewables (solar and wind), as well as a dual focus on the expansion of their sales partnership network. Mr. Jensen added that the printing equipment would provide additional flexibility into Orion's marketing plan, and was cost effective for the company. Mr. Jensen closed by noting that Orion was optimistic about new business growth opportunities.

Motion by: Mr. Zimmer

Moved that: the IDC approve the loan as detailed above and in the "Project Narrative", with Mr. Less to negotiate terms and conditions, and for Mr. Hamann and Mr. Less to sign documents to close the loan.

Seconded by: Mr. Brey

Upon Vote: the motion was approved unanimously.

B. Consideration of Continued Financial Support of MAVCB (2012-2014)

Mr. Less explained that the Corporation had, for several years, provided the MAVCB with an annual payment of room tax revenues in support of the organization. Mr. Less noted that the current commitment of \$10,000/year would end with the payment to be issued in 2011. Mr. Less recommended that the Corporation renew its commitment to the MAVCB at \$10,000/year for the period 2012-2014. Mr. Less noted that the City, in consideration for this investment, received a full page ad in the annual visitor guide prepared and published by the MAVCB.

Mr. Zimmer asked if the ad had an industrial flavor?

Mr. Less replied that for the 2011 visitor guide, the "hydrating business" would be used.

Motion by: Mr. Brey

Seconded by: Mr. Mertens

Moved that: the IDC approve the Planner's recommendation as stated above. Upon Vote: the motion was approved unanimously.

VI. OLD BUSINESS

A. Diamond Properties LLC/Musial Paint Finishes, LLC/Star Coatings LLC (IREV05-1) - Update

Mr. Less updated the Corporation on the status of this project, and noted that there was some discussion on a potential purchaser of the business. Additional discussion was held.

No action was taken.

B. Federal Mogul Piston Rings, Inc. (IREV08-3) - Update

Mr. Less updated the Corporation on the status of this project, and noted that Federal Mogul had decided to not utilize the \$1mm loan that the City had put on the table as part of the "Project Mercury" project.

Additional discussion was held. No action was taken.

VII. NEXT MEETING

VIII. ADJOURNMENT

The meeting was adjourned at 3:50 P.M.

Respectfully Submitted,

David Less
Secretary